

1. Name the top three products in each category you would most likely purchase at this site:

Category	1 st Choice	2 nd Choice	3 rd Choice
Food			
Beverages			
Convenience Items			
Other			

2. Would you be interested in the following food preparation services?

Circle: **(R)** Regularly, **(O)** Occasionally, **(N)** Never

Lunch delivery **R O N** Pre-made boxed lunches for morning pick-up **R O N**
Ready to heat dinner for afternoon/evening pick-up **R O N**

Additional Comments:

3. Please rate the following where 1 is not at all important; 6 is very important

Fast service 1 2 3 4 5 6 Friendly service 1 2 3 4 5 6 Ambiance 1 2 3 4 5 6
Cleanliness 1 2 3 4 5 6 Healthy, low-fat options 1 2 3 4 5 6 Wide selection 1 2 3 4 5 6
Vegetarian option 1 2 3 4 5 6 Menu updated on a regular basis 1 2 3 4 5 6
Sit-down option 1 2 3 4 5 6 Social Mission 1 2 3 4 5 6

FOLLOW-UP OBSERVATIONS:

Approximate age:

Under 18 ☐ 18-24 ☐ 25-34 ☐ 35-44 ☐ 45-54 ☐ 55-64 ☐ Over 64 ☐

Gender Male ☐ Female ☐

Other observations:

Appendix B: Online Market Survey Sample


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Monday, May 24, 2004

Design Survey

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Theme: Cloudy Day

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Redmond Social Enterprise Project - Market Survey

Edit Title

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1. Introduction

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Members of Redmond's business, nonprofit, education and faith-based communities are thinking about starting a business venture based at the Overlake Transit Center. All the profits will go to programs that support Redmond's youth. Please let us know what products and services would appeal to you. This survey should take less than 5 minutes and is completely confidential.

Your input is greatly appreciated!

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2. Location

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Edit Delete Copy/Move Add Logic

1. How often do you visit the Overlake Transit Center?

- ☐ Twice a day or more
- ☐ Once a day
- ☐ Few times a week
- ☐ Few times a month
- ☐ Few times a year
- ☐ Never

Add Question

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2. What, if anything, brings you to the Overlake Transit Center?

- ☐ Nothing, I don't go there.
- ☐ General Parking
- ☐ Park & Ride
- ☐ Sound Transit

<input type="checkbox"/> Metro
<input type="checkbox"/> Microsoft shuttle
<input type="checkbox"/> Bike Station
<input type="checkbox"/> Police Station
<input type="checkbox"/> Other (please specify)
<input type="text"/>

Add Question

Add Page

<input type="button" value="Edit"/>	<input type="button" value="Delete"/>	<input type="button" value="Copy/Move"/>	<input type="button" value="Add Logic"/>
3. Would you ever take a trip to the Overlake Transit Center for any of the following?			
<input type="checkbox"/> Beverages (coffee, juice, etc.)			
<input type="checkbox"/> Food items (baked goods, lunches, ready-to-heat dinners, etc.)			
<input type="checkbox"/> Convenience items (medicine, magazines, flowers, etc.)			
<input type="checkbox"/> Services (ATM, dry cleaning, etc.)			
<input type="checkbox"/> Other (please specify)			
<input type="text"/>			

Add Question

Add Page

<input type="button" value="Edit"/>	<input type="button" value="Delete"/>	<input type="button" value="Copy/Move"/>	<input type="button" value="Add Logic"/>
4. What products or services do you wish could be delivered to your office building?			
<input type="checkbox"/> Boxed lunches			
<input type="checkbox"/> Ready to heat dinners			
<input type="checkbox"/> Over-the-counter medicine			
<input type="checkbox"/> Celebratory gifts (cards, flowers, etc.)			
<input type="checkbox"/> Dry cleaning			
<input type="checkbox"/> Other (please specify)			
<input type="text"/>			

Add Question

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3. Products and Services

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<input type="button" value="Edit"/>	<input type="button" value="Delete"/>	<input type="button" value="Copy/Move"/>			
5. If they were available at the transit center, what types of beverages would you purchase?					
	Frequently	Sometimes	Never		
Specialty Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Drip Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Other Hot Drinks (tea, hot chocolate, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

Cold Drinks (sodas, juice, water, etc.)

☐
☐
☐

Add Question

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6. What types of food would you purchase?

	Frequently	Sometimes	Never
Fruit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Packaged Snacks (candy, chips, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Baked Goods (muffins, pastries, bagels, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lunches (sandwiches, soups, salads, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ready-to-heat Dinners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Add Question

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Edit Delete Copy/Move Add Logic

7. What types of convenience items would you purchase?

- ☐ Medicine (pain relievers, cold and flu, etc.)
- ☐ Celebratory Gifts (cards, flowers, etc.)
- ☐ Feminine Products
- ☐ Newspapers, Magazines, Books
- ☐ Bike Repair Kits
- ☐ Other (please specify)

Add Question

Add Page

Edit Delete Copy/Move Add Logic

8. What types of services would you use?

- ☐ ATM
- ☐ Dry cleaning
- ☐ Other (please specify)

Add Question

Add Page

4. Other

Edit Page

Delete Page

Copy/Move

Add Logic

Add Question

Add Page

Edit Delete Copy/Move

9. How important are the following to you?

Very	Somewhat	Not
important	important	important

Healthy, low-fat options



Vegetarian options



Organic options



Profits go to a good cause



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Delete

Copy/Move

10. Do you have any other comments or suggestions for us?

Add Question

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5. Thanks!

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The members of the Redmond Social Enterprise Project's team thank you.

Add Question

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Preview

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1. How many people from your company commute through Overlake each day?

SafeCo: "I have no idea. We're doing an analysis right now, but it's very limited. We are trying to promote using public and alternative means of transportation but it hasn't caught on. Our biggest market challenge is that many employees live in the area but won't walk or bike to work. We might increase our subsidies of fare costs to encourage employees to ride the bus. Also, there is no connecting path or sidewalk directly to our campus from the Transit Center."

Nintendo: "We do a survey every two years. Right now, about 150 employees commute by bus. 75 people go through the Transit Center every week (about 15 people per day)."

2. Will you be adding an employee shuttle (similar to Microsoft)?

SafeCo: "No, the traffic there wouldn't merit it. We had a connection to the Van Share program for a little while, but it didn't work."

Nintendo: "We don't have an employee shuttle at this time, but in the winter we take folks to the Pro Club a few blocks away."

3. What services do you think are needed in the area?

SafeCo: "Like most of the big companies in the area, we have full service on-site amenities. We're set up to keep employees resident to the campus with a cafeteria, dry-cleaning, ATM, hair salon, sundry shop (gifts and toiletries), health food, mail boxes (though, no stamps). We are thinking about doing a survey to see what else people want."

Nintendo: "We have on-site cafeteria, dry cleaning, employee store, shower, fruit and snacks. I can't get to the drug store very easily to get things like toiletries, toothpaste, deodorant, greeting cards, gift wrapping paper, tape, film developing, floss, tissues. Also, there aren't a lot of healthy options in the area like smoothies. Please, no more Krispy Kremes! Bike parts like tires and sunscreen might be good. Our employee store won't carry greeting cards and it's hard to find something open after work once I get back to Seattle."

4. What do you think about lunch delivery or pick-up? Other services (dry cleaning, shoe repair)?

SafeCo: "We can get lunches delivered through our cafeteria. But we don't have a shoe repair or movie rentals. As far as the bike shop, we have more cyclists in our Seattle office than we do in Redmond, even though there are trails. Also, use of bikes is very seasonal. As for other services, we are pretty well covered at work."

Nintendo: "I usually eat at on-site cafeteria so I doubt I'd get delivery or pick up. When I do go out, there are a lot of good places to eat in Redmond Town Center Restaurants. We tried film developing but it didn't work."

71 surveys

1. Name the top three products in each category you would most likely purchase at this site:

Food	1st Choice	bagels 8, cookies 6, pastries 5, donuts 4, snacks 4, fruit 3, sandwiches 3, muffins 3, breakfast 2, egg sandwich, fast food, hot dogs, Krispy Crème, lunch box, pizza, potato chips, pretzels, soup, yogurt
	2nd Choice	bagels 3, muffins 3, cookies 2, croissants 2, fruit 2, scones 2, bagel w egg/cheese, breakfast bars, fast food, salad, sandwiches
	3rd choice	bagels, baked goods, muffins, ice cream
Beverages	1st	coffee 25, juice 5, soda 4, tea 4, espresso 3, latte 2, smoothies 2, odwalla, shakes, water
	2nd	soda/diet coke 4, coffee 2, juice 2, smoothies 2, tea 2, water 2, bubble tea, espresso, hot chocolate
	3rd	coffee, dairy
Convenience Items	1st	newspapers 11, gum 4, magazines 4, books/bookstore 2, candy 2, tissues 2, aspirin, batteries, birthday cards, deodorant, ice, lip balm, newstand, umbrellas, vending machines
	2nd	batteries, medicine/allergy, pens, sunglasses, tissues, toothbrush/toothpaste
	3rd	cups
Other		none 6

2. Would you be interested in the following food preparation services?

	<i>Regularly</i>	<i>Occasionally</i>	<i>Never</i>
Lunch delivery	7	7	36
Pre-made boxed lunches for morning pick-up	8	13	40
Ready to heat dinner for afternoon/evening pick-up	9	16	36

Would you be interested in the following food preparation services? Comments:

Supermarket-style, easy lunch, pick-up and go, non Starbucks 2, good prices, non-smoking, smells good, efficient service.

Microsoft subsidized free coffee for employees (flat-fee/month), Sell cards that allow free fill ups from pre-made coffee urns

Provide consierge services such as dry cleaning dropoff with evening pickup

Small, non-crumby items for bus

Would occasionally walk to station to pick up lunch

3. Please rate the following where 1 is not at all important; 6 is very important*

	1	2	3	4	5	6
fast	2	0	0	0	1	10
clean	1	1	0	0	0	6
vegetarian	18	7	2	5	5	17
sit-down	8	6	3	5	2	1
friendly	1	1	0	0	0	7
healthy	7	2	1	11	10	20
updated menu	1	2	5	7	4	2
social mission	5	3	5	5	7	10
ambiance	3	2	6	5	2	4
wide selection	3	1	6	3	3	7
organic	6	0	3	2	2	0

Approximate Age:

<i>Under 18</i>	<i>18-24</i>	<i>25-34</i>	<i>35-44</i>	<i>45-54</i>	<i>55-64</i>	<i>Over 64</i>
0	8	31	15	5	2	0

Gender	Male 37	Female 18
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Other observations:

seemed genuinely interested in the use of the building as a food stop

friendly, seemed excited about the youth part [note: but said 1 on social mission]

Comments from folks who want nothing:

I only come through once a week. My first time here, I don't come here, I just want a safe way.

I transfer here to another bus that takes an additional hour home, so food pick up doesn't work for me.

* Note: questions regarding organic choices was added later in the survey process

112 respondents

How often do you visit the Overlake Transit Center?

Twice a day or more	1
Once a day	0
Few times a week	6
Few times a month	10
Few times a year	16
Never	79

What if anything brings you to the Overlake Transit Center?

Nothing I don't go there.	73
General Parking	2
Park & Ride	11
Sound Transit	16
Metro	10
Microsoft shuttle	8
Bike Station	3
Police Station	0
Other (please specify)	7

GRTMA Offices, Flexcars, work across the street, pickup/drop off passengers

Drive by on my way to main campus, during bike commute, Goodwill dropoff

Would you ever take a trip to the Overlake Transit Center for any of the following?

Beverages	47	coffee, juice, tea, water, etc.
Food items	49	baked goods, lunches, ready-to heat dinners, etc.
Convenience items	45	medicine, magazines, flowers, etc.
Services	47	ATM, dry cleaning, etc.
Other (please specify)	21	See comments at end of document
Bottled water, espresso drinks, dry cleaning x3, mail service, fresh fruit, salad,		
Starbucks or Tully's coffee, very good bakery, fresh flowers, shoe repair, cheap gas,		

What products or services do you wish could be delivered to your office building?

Boxed lunches	46	
Ready to heat dinners	39	
Over-the-counter medicine	14	
Celebratory gifts	35	such as cards, flowers
Dry cleaning	36	
Other (please specify)	7	

Coffee, donuts, fresh vegies/juice, smoothies, shoe repair, good lunches, good beverages

If they were available at the transit center what types of beverages would you purchase?

	Frequently	Sometimes	Never
Specialty Coffee	9	51	32
Drip Coffee	7	15	57
Other Hot Drinks	5	42	36
Cold Drinks	10	45	33

tea, hot chocolate, etc.
soda, juice, water, etc.

What types of food would you purchase?

	Frequently	Sometimes	Never
Fruit	11	46	27
Packaged Snacks	3	41	38
Baked Goods	13	55	22
Lunches	17	50	26
Ready-to-heat Dinners	5	41	41

candy chips, etc.
muffins, pastry, bagels, etc.
sandwiches, soup, salad

What types of convenience items would you purchase?

Medicine	33	pain relievers, cold/flu, eyedrops, etc.
Celebratory Gifts	51	cards, flowers, etc.
Feminine Products	13	
Newspapers Magazines Books	48	
Bike Repair Kits	7	
Other (please specify)	5	

Basic household items such as trash bags paper towels napkins (recycled would be good) and amenities like bottled mineral water, Odwalla juices, telephone cards, stamps

What types of services would you use?

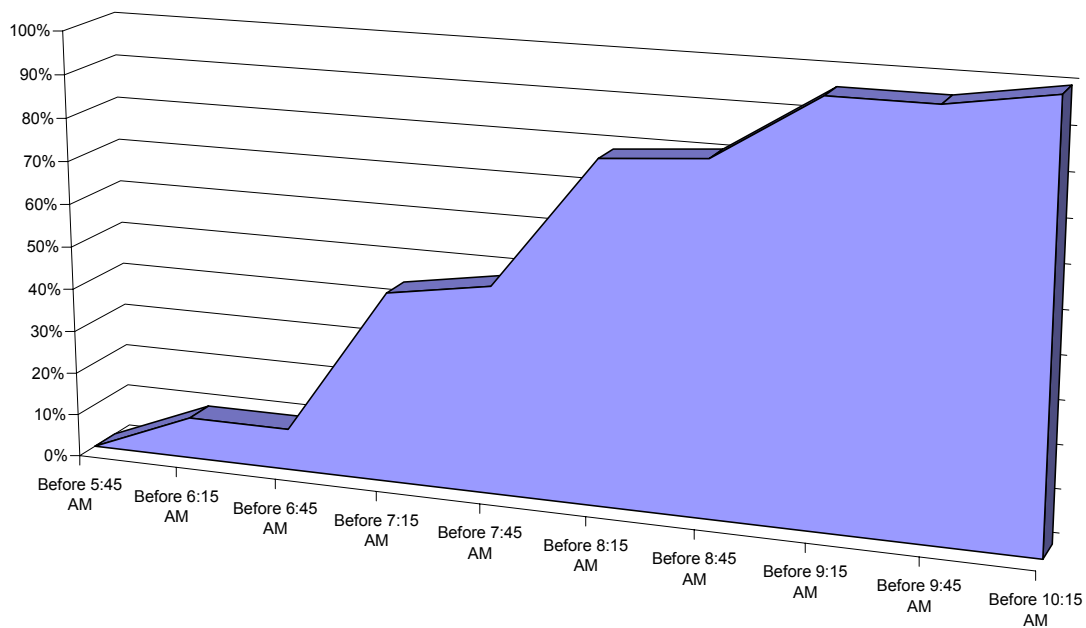
ATM	62
Dry cleaning	37
Other (please specify)	

Library book pickup/dropoff, internet, mailboxes, shoe repair.

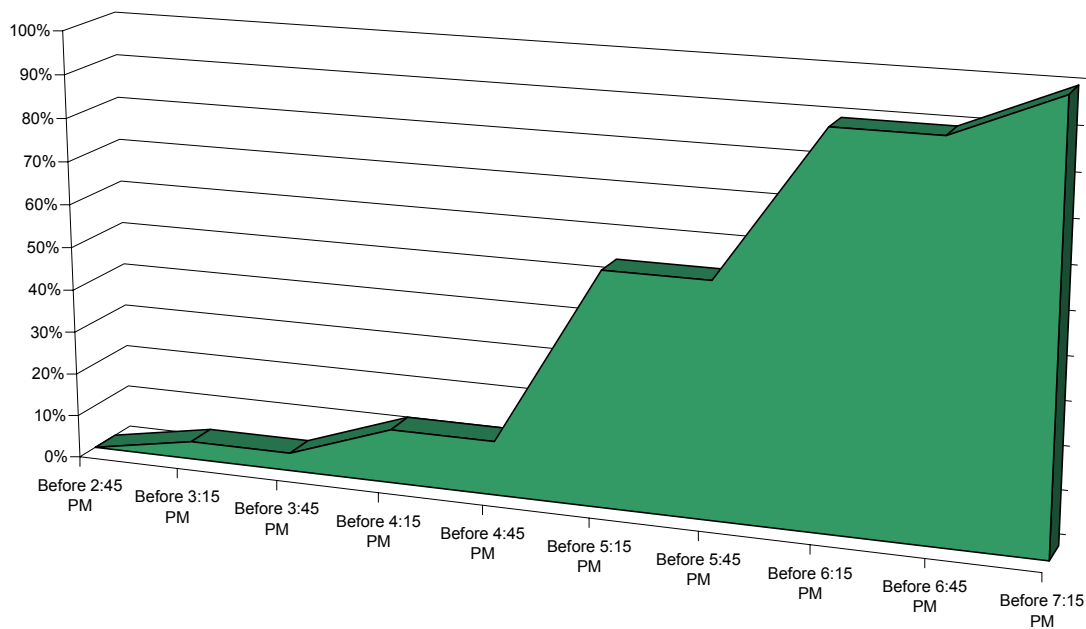
How important are the following to you?

	Important	Somewhat	Not
Healthy low-fat options	64	23	7
Vegetarian options	22	31	35
Organic options	22	40	28
Profits go to a good cause	71	23	2

Bicyclist Commute - Work Arrival Times



Bicyclist Commute - Work Departure Times



Overlake Transit Center



Retail space outside



Retail Space



**Overlake Transit Center at 40th Street
Bike Station and Commuter Services Building
Objectives Statement**

Sound Transit and the Greater Redmond Transportation Management Association (GRTMA) are developing a two-year demonstration project that includes a bike station operation/function and an accessory retail facility to be located in the central core of the Overlake Transit Center at 40th Street. The site is located at 15592 NE 36th Street, Redmond, WA 98052.

In partnership with the City of Redmond, GRTMA and the Federal Transit Administration, Sound Transit has constructed a Commuter Services Building in the Overlake neighborhood of Redmond, WA. This building is in the heart of a transportation center that includes a 274 space Park & Ride, transit service provided by Sound Transit and Metro Transit, and acts as a hub for the private Microsoft employee shuttle network. Additionally, GRTMA, who is providing project oversight, is headquartered at this location. GRTMA is a private, non-profit transportation organization representing approximately 275 organizations and over 52,000 commuters in the greater eastside area of the Washington, Puget Sound area.

Current daily foot traffic for the site is approximately 4500-5000 that includes transit and shuttle riders, employees of GRTMA and Microsoft Shuttle Services, and Park & Ride Users.

Under this project, Sound Transit and its designated Bike Station Advisory Committee are seeking proposals for use of the combined 382* square feet of bike station and retail space. It is planned that some variety of bike station operation be partnered with a retail operation. To that end, we are seeking creative uses and partnerships to occupy the space and meet a variety of commuter needs.

An opportunity survey has suggested that some combination bicycle commuter services and some variety of specialty coffee/baked goods is desired at this location (results are available by request). Some of the concepts identified might include (but are not limited to or restricted in combination thereof):

Retail Facilities (183* sq ft)

Retail specialty coffee

Limited convenience retail and media (newspapers/magazines)

Pre-made sandwiches

Bike Station Facilities (199* Sq Ft)

THE ONLY REQUIRED ELEMENT – Maintain general access to bicyclist changing facilities Monday-Friday 6am-6pm

Sales of inner tubes, patch kits, and convenience bike needs (via display or vending machine)

Sponsorship of/responsibility for facility Operations and Maintenance costs in exchange for retail access for sales or equipment drop-off

Provision of cyclist gear lockers for use/checkout at no cost or reduced cost to users

On site maintenance 1-7 days per week

Weekend recreational rental of bicycles

Small independent retail and service operations

Accessory retail/service outlet for local retail/service operation(s)

* Does not include common areas or washroom/bike station changing room for purposes of rent/fees/tax calculations

Basic Lease Provisions:

Premises:	382 square feet of retail space
Term:	Two year initial lease term with possibility of renewals.
Rent:	Negotiable
Utilities:	Tenant responsible for all utility payments for leased premises, along with a prorata share of common area costs.
Insurance:	Tenant will be required to maintain combined commercial liability insurance, naming Sound Transit as additional insured, in the amount of \$2,000,000.
Use:	Transportation-related retail or office use and bike station only.
Tenant Improvements	Initial improvements for leased area will be at tenant's sole cost.

Partnership is critical between the retail and bike station operations. Proposers may submit a Letter of Intent for one operation or both as a single operation or partnership of independent operations. Proposals that meet both the bike station and retail operations goals through partnership and or singular operations shall receive greater consideration. Additional, partnerships with other operations and vendors, including GRTMA, are encouraged. An open list of parties requesting information related to this process will be maintained and distributed as requested.

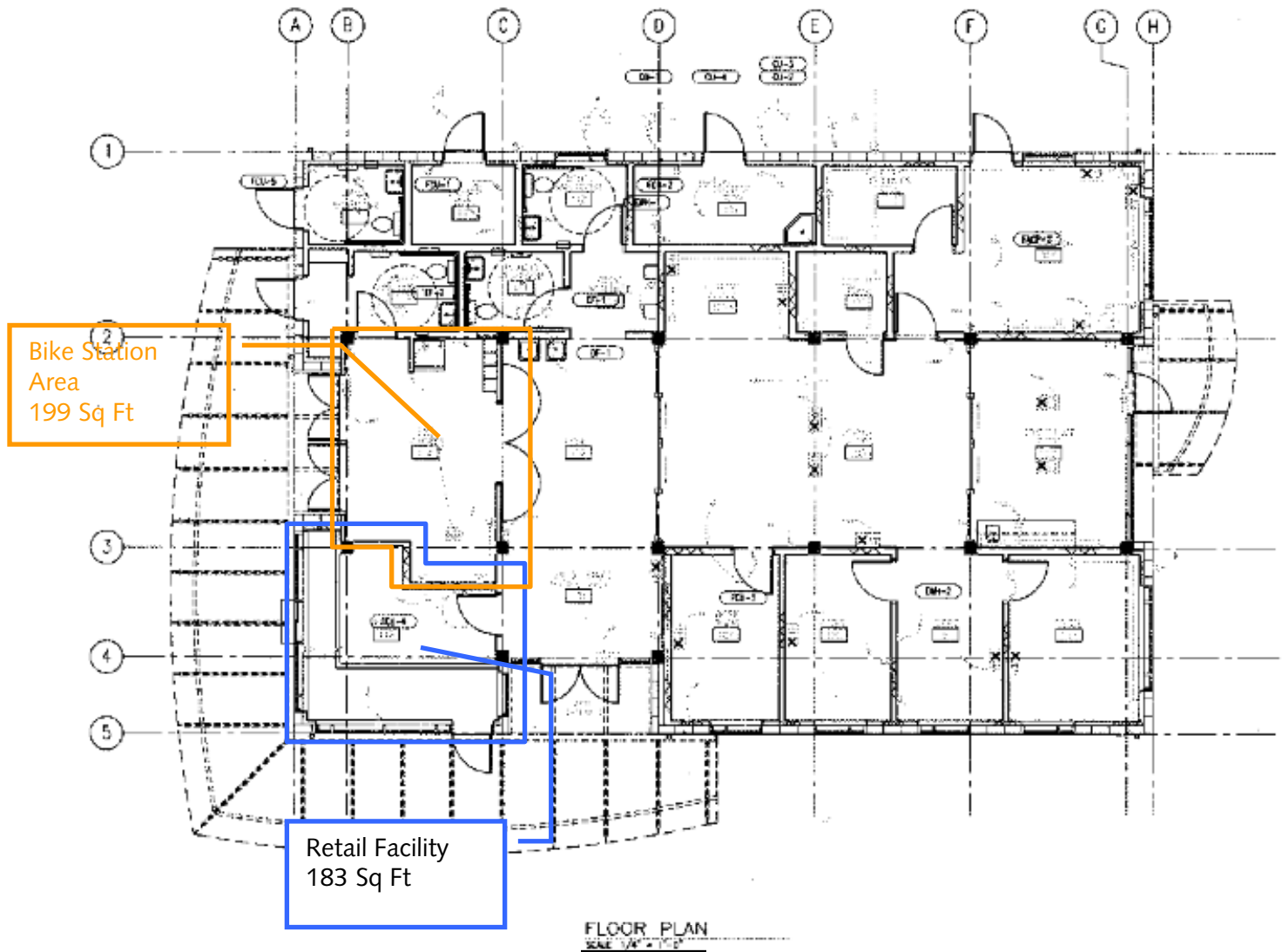
Unique to this process, Proposers shall offer a rental rate per square foot for all or part of the combined bike station and retail space as appropriate to the location and function. It is important to note that no minimum rent requirement has been established for this location.

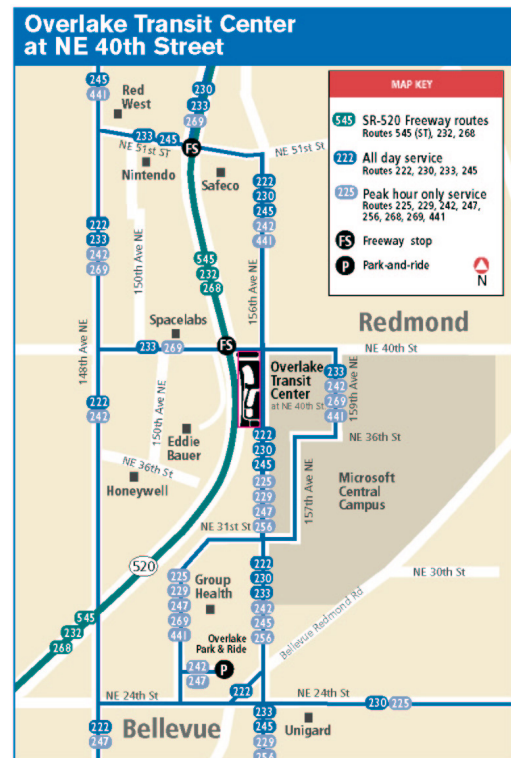
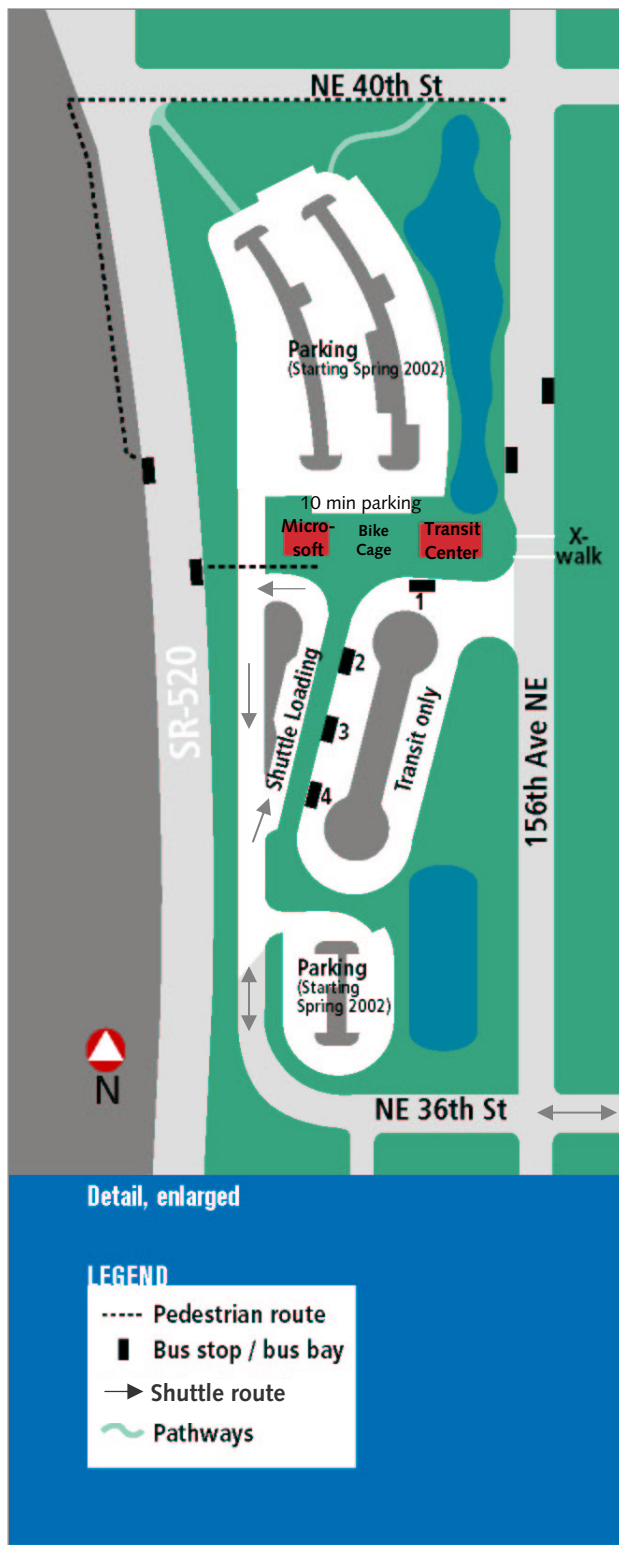
The bike station component of the operation(s) is a two year demonstration project and as such all proposals shall be based on two-year initial period with options on successive years in part or whole dependent upon the success of the project.

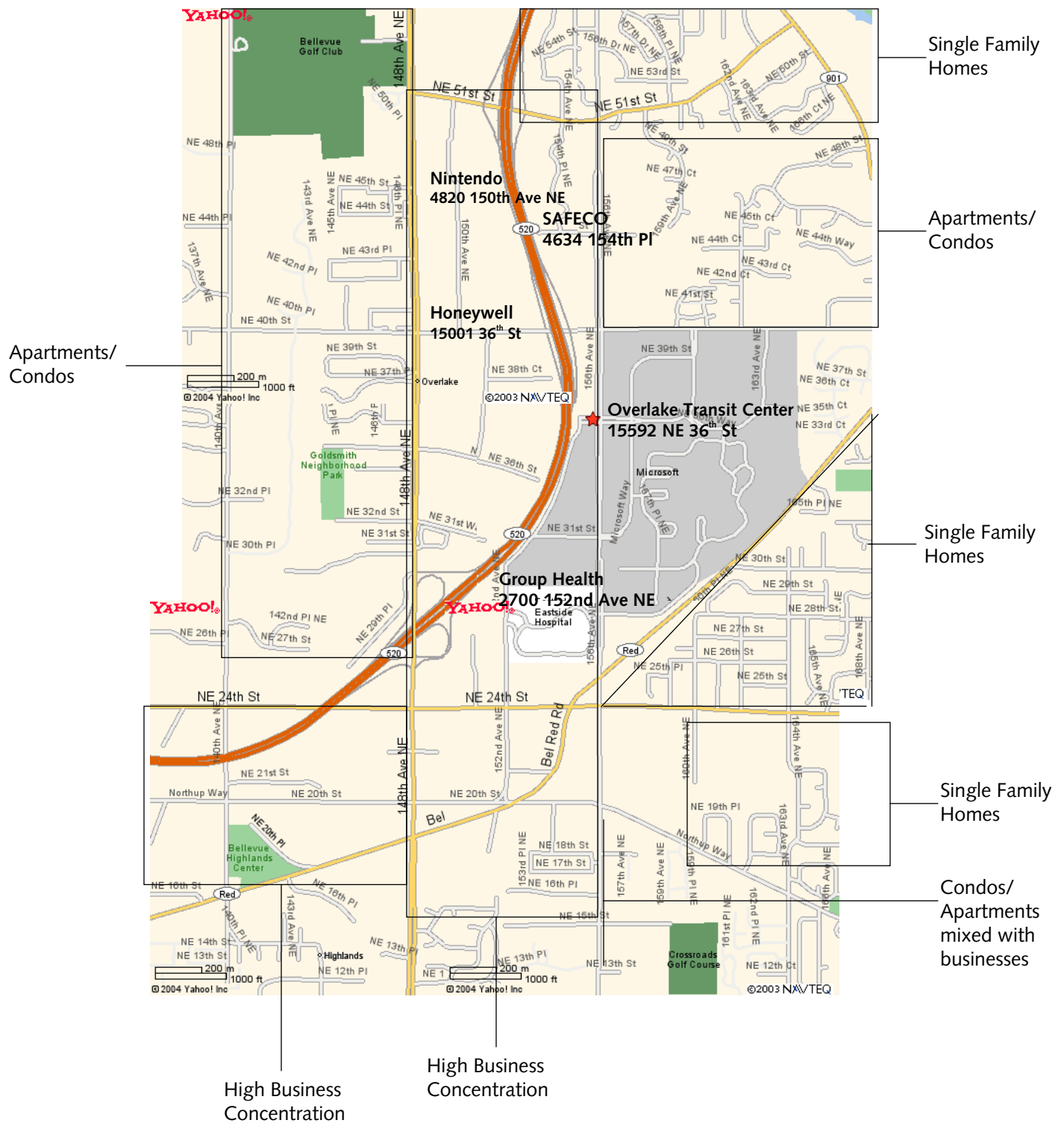
Evaluation Criteria

	Criterion	Description	Maximum Points
1	Concept	Provide description of concept, products and services, partnership, and integration as accessory to Inbound and Outbound Commuters.	30
2	Operations Objectives	Provide a description of how proposal meets both Bike and Retail Operations. If met via partnership, provide of Joint Venture Agreement.	15
3	Financial & Managerial Capabilities	Provide Business plan, experience, management comm and financial statements	25
4	Appearance of Tenant Space	Provide conceptual plan of space	10
5	Sustainability	Provide a description/proposal of opportunities and options beyond the 2-year demonstration project	15
6	EEO Commitment	Elaborate on the Proposer Team's commitment to equal employment opportunity	5

Sound Transit reserves the right to further define the evaluation criteria to ensure a fair process. Documents received by Sound Transit may be subject to public disclosure per RCW 42.17.







June 14, 2004
Page 1

Page 1

Year 1 Cashflow

GROSS INCOME													
Sales Growth Rate													
	January	February	March	April	May	June	July	August	September	October	November	December	Y1 Total
NET SALES	\$21,250	\$21,463	\$21,677	\$21,894	\$22,113	\$22,334	\$22,557	\$22,783	\$23,011	\$23,241	\$23,473	\$23,708	\$269,503
EXPENSES													
Cost of Goods Sold	\$10,054	\$10,155	\$10,256	\$10,359	\$10,462	\$10,567	\$10,673	\$10,779	\$10,887	\$10,996	\$11,106	\$11,217	\$127,510
Gross Profit Margin	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%
Personnel													
Manager	\$35,000	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$35,000
Benefits	25%	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$729	\$8,750
PT Employee	\$10,000	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$10,000
PT Employee	\$10,000	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$10,000
Subtotal	\$5,313	\$5,313	\$5,313	\$5,313	\$5,313	\$5,313	\$5,313	\$5,313	\$5,313	\$5,313	\$5,313	\$5,313	\$63,750
Operating													
Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment Maintenance	\$1,000	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$1,000
Professional Services	\$3,600	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Marketing	\$3,000	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Insurance	\$2,500	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$2,500
Training	\$1,000	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$1,000
Vehicle Running Costs	\$500	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$500
Vehicle Insurance	\$1,760	\$147	\$147	\$147	\$147	\$147	\$147	\$147	\$147	\$147	\$147	\$147	\$1,760
Technology	\$500	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$500
Business Tax	1.21%	\$258	\$261	\$266	\$268	\$271	\$274	\$277	\$279	\$282	\$285	\$288	\$3,272
Property Tax	\$700	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$700
CC Fees (50% transactions)	1.59%	\$169	\$171	\$172	\$174	\$178	\$179	\$181	\$183	\$185	\$187	\$188	\$2,143
Miscellaneous	2.50%	\$531	\$537	\$542	\$547	\$558	\$564	\$570	\$575	\$581	\$587	\$593	\$6,738
Subtotal	\$2,171	\$2,181	\$2,191	\$2,201	\$2,210	\$2,220	\$2,230	\$2,241	\$2,251	\$2,261	\$2,272	\$2,282	\$26,712
TOTAL EXPENSES (Before Tax)	\$17,538	\$17,648	\$17,759	\$17,872	\$17,985	\$18,100	\$18,215	\$18,332	\$18,450	\$18,570	\$18,690	\$18,812	\$217,972
NET PROFIT	\$3,712	\$3,814	\$3,918	\$4,022	\$4,128	\$4,234	\$4,342	\$4,451	\$4,560	\$4,671	\$4,783	\$4,896	\$51,531
Net Profit Margin	17%	18%	18%	18%	19%	19%	19%	20%	20%	20%	20%	21%	19%
INCOME TAX													
\$0-\$50,000	15%												
\$50-\$75,000	25%												
TOTAL ANNUAL INCOME													\$44,037

REDMOND SOCIAL ENTERPRISE

June 14, 2004

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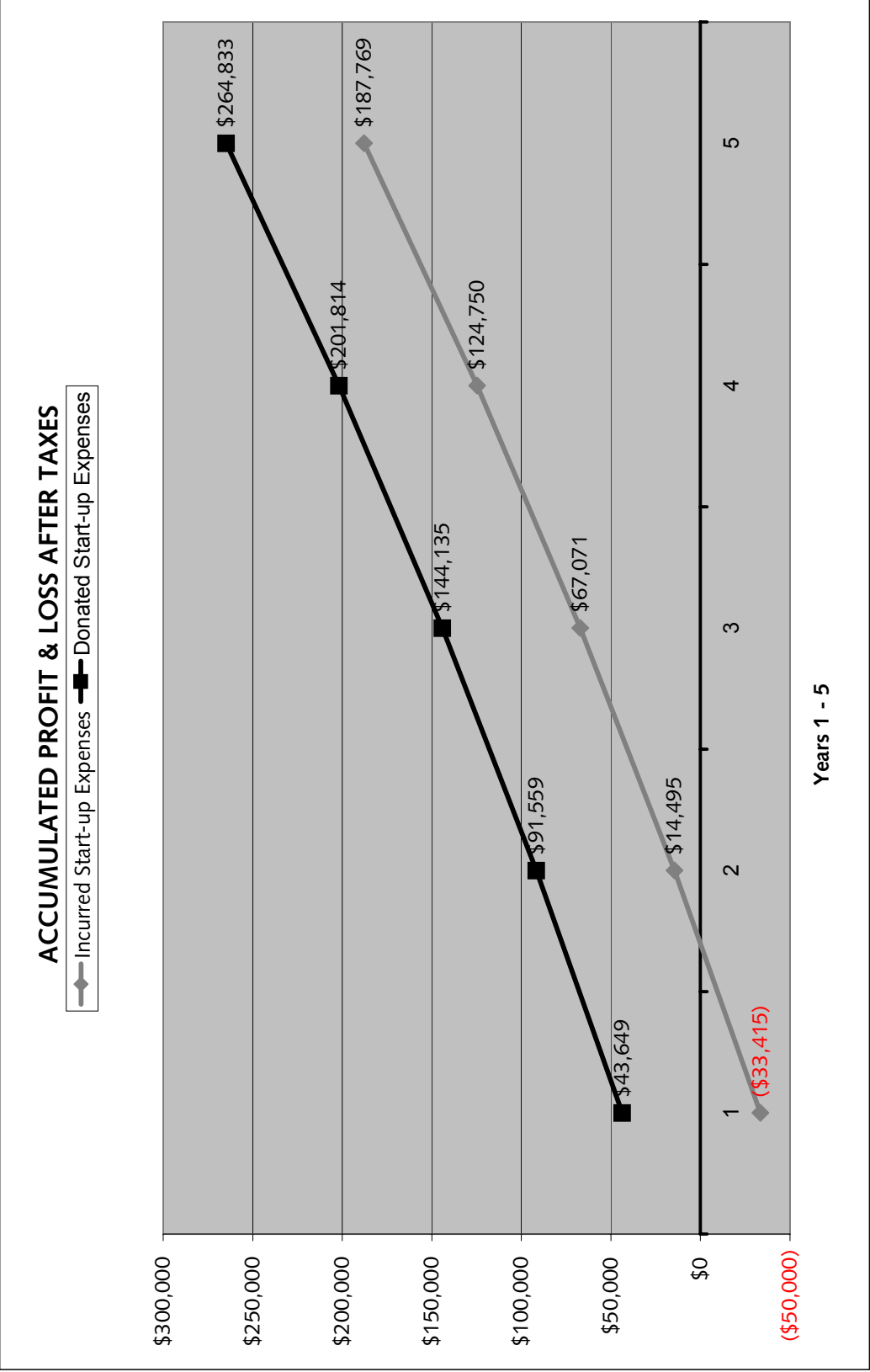
Appendix J: Financial Model

Years 1-5 Projected Cash Flow

GROSS INCOME	Year 1	Year 2	Year 3	Year 4	Year 5
NET SALES	\$269,503	\$291,468	\$315,222	\$340,913	\$368,697
EXPENSES					
Cost of Goods Sold	\$127,510	\$137,902	\$149,141	\$161,296	\$174,442
<i>Gross Profit Margin</i>	<i>53%</i>	<i>53%</i>	<i>53%</i>	<i>53%</i>	<i>53%</i>
Personnel					
Manager	\$35,000	\$37,450	\$40,072	\$42,877	\$45,878
Benefits	\$8,750	\$9,363	\$10,018	\$10,719	\$11,469
PT Employee	\$10,000	\$10,700	\$11,449	\$12,250	\$13,108
PT Employee	\$10,000	\$10,700	\$11,449	\$12,250	\$13,108
Subtotal	\$63,750	\$68,213	\$72,987	\$78,096	\$83,563
Operating					
Lease	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0
Equipment	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Professional Services	\$3,600	\$3,708	\$3,819	\$3,934	\$4,052
Marketing	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377
Insurance	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814
Training	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Vehicle Running Costs	\$500	\$515	\$530	\$546	\$563
Vehicle Insurance	\$1,760	\$1,813	\$1,867	\$1,923	\$1,981
Technology	\$500	\$515	\$530	\$546	\$563
Business Tax	\$3,272	\$3,538	\$3,827	\$4,139	\$4,476
Property Tax	\$700	\$721	\$743	\$765	\$788
CC Fees (50% transactions)	\$2,143	\$2,317	\$2,506	\$2,710	\$2,931
Miscellaneous	\$6,738	\$7,287	\$7,881	\$8,523	\$9,217
Subtotal	\$26,712	\$28,139	\$29,660	\$31,282	\$33,012
TOTAL EXPENSES	\$217,972	\$234,254	\$251,788	\$270,674	\$291,017
NET PROFIT	\$51,531	\$57,214	\$63,434	\$70,239	\$77,681
<i>Net Profit Margin</i>	<i>19%</i>	<i>20%</i>	<i>20%</i>	<i>21%</i>	<i>21%</i>
INCOME TAX					
\$0-\$50,000 @ 15%	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
\$50-\$75,000 @ 25%	\$383	\$1,804	\$3,358	\$5,060	\$6,250
\$75-\$100,000 @ 34%	\$0	\$0	\$0	\$0	\$911
TOTAL ANNUAL INCOME	\$43,649	\$47,911	\$52,575	\$57,679	\$63,019
ACCUMULATED PROFIT & LOSS AFTER TAXES					
Incurred Start-up Expenses	(\$33,415)	\$14,495	\$67,071	\$124,750	\$187,769
Donated Start-up Expenses	\$43,649	\$91,559	\$144,135	\$201,814	\$264,833

GROWTH RATE ASSUMPTIONS

<i>Unit Sales Growth</i>	<i>5%</i>	<i>Payroll Costs</i>	<i>7%</i>
<i>Price Growth</i>	<i>3%</i>	<i>General Expenses</i>	<i>3%</i>
<i>Total Growth Factor</i>	<i>108.15%</i>	<i>Property Tax</i>	<i>3%</i>



REVENUE										
Product	Price	Cost of Goods Sold		Units		Units sold in		Total Cost of		Gross Profit Margin %
		(per unit)	sold/day	in store	Month 1	Total Sales	Goods Sold	Gross Margin	COGS %	
FOOD										
Donuts	\$1.50	\$0.55	6	10	320	\$480.00	\$176.00	\$304.00	37%	63%
Bagels	\$1.00	\$0.50	6	20	520	\$520.00	\$260.00	\$260.00	50%	50%
Scones	\$2.00	\$0.92	0	10	200	\$400.00	\$184.00	\$216.00	46%	54%
Muffins	\$1.80	\$0.90	0	5	100	\$180.00	\$90.00	\$90.00	50%	50%
Granola (2.5 lbs)	\$20.00	\$9.40	0	0.5	10	\$200.00	\$94.00	\$106.00	47%	53%
Biscotti (dozen)	\$12.00	\$6.00	0	1	20	\$240.00	\$120.00	\$120.00	50%	50%
Fruit	\$1.00	\$0.25	0	5	100	\$100.00	\$25.00	\$75.00	25%	75%
Chips	\$1.00	\$0.22	0	10	200	\$200.00	\$44.00	\$156.00	22%	78%
Cookies	\$1.50	\$0.54	0	10	200	\$300.00	\$108.00	\$192.00	36%	64%
Pre-made dinners (2)	\$12.00	\$7.00	5	10	300	\$3,600.00	\$2,100.00	\$1,500.00	58%	42%
Pre-made dinners (4)	\$24.00	\$14.00	5	5	200	\$4,800.00	\$2,800.00	\$2,000.00	58%	42%
Pre-made salads	\$5.50	\$2.80	5	10	300	\$1,650.00	\$840.00	\$810.00	51%	49%
Fruit cups	\$4.00	\$1.80	0	10	200	\$800.00	\$360.00	\$440.00	45%	55%
BEVERAGES										
Soda (cans)	\$1.00	\$0.43	0	15	300	\$300.00	\$129.00	\$171.00	43%	57%
Bottled water	\$1.00	\$0.50	0	15	300	\$300.00	\$150.00	\$150.00	50%	50%
Juice	\$3.00	\$1.50	0	15	300	\$900.00	\$450.00	\$450.00	50%	50%
Drip coffee	\$1.50	\$0.15	0	30	600	\$900.00	\$90.00	\$810.00	10%	90%
Latte	\$2.00	\$0.27	0	20	400	\$800.00	\$108.00	\$692.00	14%	87%
Mocha	\$2.50	\$0.37	0	20	400	\$1,000.00	\$148.00	\$852.00	15%	85%
RETAIL										
Whole bean coffee (12 oz.)	\$10.00	\$5.50	1	3	80	\$800.00	\$440.00	\$360.00	55%	45%
Gold Bar Gift Boxes	\$5.00	\$2.95	1	1	40	\$200.00	\$118.00	\$82.00	59%	41%
Batteries	\$5.00	\$2.50	0	1	20	\$100.00	\$50.00	\$50.00	50%	50%
Medicine	\$5.00	\$2.50	0	4	80	\$400.00	\$200.00	\$200.00	50%	50%
Magazines	\$4.00	\$3.00	0	3	60	\$240.00	\$180.00	\$60.00	75%	25%
Greeting Cards	\$2.50	\$1.00	0	4	80	\$200.00	\$80.00	\$120.00	40%	60%
Cakes	\$20.00	\$15.00	1	0	20	\$400.00	\$300.00	\$100.00	75%	25%
Balloons	\$10.00	\$1.50	1	0	20	\$200.00	\$30.00	\$170.00	15%	85%
Flowers	\$20.00	\$12.00	1	0	20	\$400.00	\$240.00	\$160.00	60%	40%
"Party in a Box"	\$60.00	\$35.00	0.2	0	4	\$240.00	\$140.00	\$100.00	58%	42%
ATM fees	\$2.00	\$0.00	0	10	200	\$400.00	\$0.00	\$400.00	0%	100%
MONTHLY TOTALS						\$21,250	\$10,054	\$11,196		
DAILY TOTALS						\$1,062.50	\$502.70	\$559.80		
Average Cost of Goods Sold as % of Sales (target is 40-50%)										47%
Average Gross Profit Margin (target is 50-60%)										53%
Average days open/month										20

Appendix J: Financial Model

Start-Up Costs	
Equipment	
Espresso machine	\$1,500
ATM machine	\$3,000
Refrigeration units	\$2,345
Display cases, stands	\$1,061
Microwave & toaster combo	\$200
Cash Register	\$3,800
Website with online ordering	\$5,000
Delivery	
Neighborhood Electric Vehicle	\$9,784
Cooler	\$200
Capital	
Permits	\$1,250
Legal	\$2,500
Other professional services	\$10,000
Insurance	\$2,500
Build-Out, FF&E	\$5,000
Contingency (build-out, F&F)	\$500
Signage design & construction	\$5,000
WSST	\$924
Operations	
Inventory	\$5,000
Working Capital	\$12,500
Marketing	\$5,000
Total Start-up Costs	\$77,064

Notes:

F&F = Furniture & Fixtures

WSST = Washington State Sales Tax (8.8%)

DISCLAIMER: The following information is provided for general informational purposes only. It is not intended to serve as legal advice and should not be relied upon as a substitute for contacting your legal counsel.

The City of Redmond is exploring the possibility of participating in a business enterprise to raise revenue for youth programs. As per the City Attorney's Office, the City may operate such a venture on its own or as a participant in a separate non-profit entity subject to limitations set forth below. As long as the City's participation in a business venture is for a municipal purpose and does not violate the constitutional provision prohibiting gifts of public funds, the City's participation should be upheld if challenged:

Municipal corporations derive their authority, powers and duties from the state legislature. *Meadowdale Neighborhood Committee v. City of Edmonds*, 27 Wn.App. 261 (1980). Under RCW 35A.11.020, the state legislature granted the legislative body of each code city "all powers possible for a city or town to have under the Constitution of this state, and not specifically denied to code cities by law." The provision further sets out examples of areas where the powers may be exercised, including social services. This broad grant of power is consistent with the purpose of Title 35A, that code cities be given "the broadest powers of local self-government consistent with the Constitution of this state." RCW 35A.01.010; *City of Bellevue v. Painter*, 58 Wn.App. 839 (1990). Here, the City wishes to participate in a business for the purpose of raising funds for social services (the provision of youth programs). Research reveals no Washington law prohibiting the City from undertaking such activity. The next question is whether there may be an unconstitutional gift of public funds.

Under Article 8, section 7 of the Washington Constitution, a city cannot "give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm...." The City's participation in the proposed venture should not violate this prohibition.

Courts consider a two-prong test to determine whether an expenditure violates article 8, section 7. First, the court asks whether the funds were expended to carry out a fundamental purpose of the government. If the answer to this question is yes, then no gift of public funds has been made. *CLEAN v. City of Spokane*, 133 Wn.2d 455, 469 (1997). If the answer is no, the court would focus on the consideration received by the public and the donative intent of the city. Engaging in activity to raise funds for social services would likely be considered a fundamental purpose of government, as the City has broad powers relating to social services. RCW 35A.11.020; see also *In re Marriage of Johnson*, 96 Wn.2d 255, 263 (1981), where use of public funds to pursue delinquent child support was found to be a recognized function of government and not in violation of the constitutional prohibition of gift, despite the fact the unpaid parent is not poor or infirm, as the state has interest to provide assistance to minor children "to the end that they may grow up to be worthy and useful citizens." In the event a party successfully challenged the business activity as a non-governmental function, the City would meet the second prong of the test as long as the funds generated were returned to the public (through social service programs) in consideration of the City's contributions. Further, the City would need to establish it lacked any donative intent.

The analysis for a code city in Washington is slightly different than, but consistent with, the test set forth in *McQuillin* for municipalities with broad home rule powers engaging in private business. *McQuillin* asks: "Was the action undertaken for a municipal purpose? If so, was that action expressly prohibited by the constitution, general or special law, or charter?" *McQuillin Mun. Corp.* § 36.02.05 (3rd Ed.) The City's proposed venture meets the first requirement and survives the second. *McQuillin* further adds that the "mere fact that the city-operated service competes with a privately owned business does not invalidate the city's enterprise."

Redmond Social Enterprise Project Oversight Committee Members:

Angela Porter, Microsoft Corporation

Doug Whalen, United Way

Grace Brady, DECA Advisor and teacher at Redmond High School

Howard Finck, Friends of Youth

Jill Vaslow, Nintendo Corporation

Kelly Gast, Redmond Town Center

Lauren Kirby, Redmond Human Services Division

Nick Lovell, Redmond Police Department

Randy Phillips, Redmond Clergy Association and Creekside Covenant Church

Shannon Roach, Old Firehouse Teen Center

Stephen Bryant, Principal of Redmond Elementary

Students from Redmond High School's Entrepreneurial class

Tom Osborn, Union Hill Alliance Church